2013 Tax Guide

A Guide to your Cromwell Property Group (ASX:CMW) 30 June 2013 Annual Tax Statement

The information in this Guide has been prepared to assist Australian resident individual holders of Cromwell Property Group stapled securities understand their Annual Taxation Statement and to prepare their 2013 income tax return. This Guide does not apply to company, trust, or superannuation fund security holders. It should be read in conjunction with your 2013 Annual Tax Statement.

This Guide has been prepared for general information only and should not be relied upon as tax advice. This Guide should be read in conjunction with the Australian Taxation Office's ("ATO") instructions and publications, some of which are listed at the end of this Guide. An investment in stapled securities can give rise to complex tax issues and each investor's particular circumstances will be different. As such, we recommend before taking any action based on this document, that you consult your professional tax adviser for specific advice in relation to the tax implications.

This document does not constitute financial product or investment advice, and in particular, it is not intended to influence you in making decisions in relation to financial products including Cromwell Property Group stapled securities.

While every effort is made to provide accurate and complete information, Cromwell Property Group does not warrant or represent that the information in this Guide is free of errors or omissions or is suitable for your intended use and personal circumstances. Subject to any terms implied by law which cannot be excluded, Cromwell Property Group accepts no responsibility for any loss, damage, cost or expense (whether direct or indirect) incurred by you as a result of any error, omission or misrepresentation in the information contained in this Guide.

This Guide has been prepared on the basis of the prevailing taxation laws at 30 June 2013.

Cromwell Property Group comprises:
Cromwell Corporation Limited (ABN 44 001 056 980) and
Cromwell Diversified Property Trust (ARSN 102 982 598)
the responsible entity of which is
Cromwell Property Securities Limited (ABN 11 079 147 809, AFSL 238052)

WHO IS THIS GUIDE FOR?

This Guide applies to you if:

- You are an individual Australian resident investor in Cromwell Property Group Stapled Securities and you hold your stapled securities for the purposes of investment (on capital account), rather than for resale at a profit (on revenue account), and the CGT provisions apply to you; and
- You are using the "Tax Return for Individuals 2013" and "Individual Tax Return Supplement 2013" publications to complete your income tax return.

If you hold your stapled securities on revenue account, or are a non resident, a superannuation fund, company, partnership or trust investor you should consult your professional tax adviser for more information.

This Guide has been prepared to assist you or your tax adviser to complete your 2013 income tax return using your Cromwell Annual Tax Statement.

When you invest in Cromwell Property Group you acquire Cromwell Property Group stapled securities (ASX code: CMW). Each stapled security consists of a share in Cromwell Corporation Limited ("CCL") and a unit in Cromwell Diversified Property Trust ("CDPT").

In December 2006 CCL and CDPT were stapled (referred to as the Stapling Transaction). This means that shares in CCL and units in CDPT can only be transferred or traded together as Cromwell Property Group stapled securities on the Australian Securities Exchange. However, CCL shares and CDPT units remain as separate assets for taxation purposes.

Dividends and franking credits from your shares in CCL and distributions in relation to your units in CDPT need to be separately disclosed in your income tax return.

The Annual Tax Statement provides details of any dividends and distributions to which you are entitled and those amounts should be used in the preparation of your income tax return.

It is important that you apply the correct tax treatment to the tax deferred component of your distribution. While tax deferred distributions are generally not immediately assessable for income tax purposes they will reduce the capital gains tax ("CGT") cost base of your CDPT units. You should refer to the section below titled "Tax Deferred Amounts" for further information.

Further information regarding Cromwell Property Group distributions and dividends is available on our website at www.cromwell.com.au.

Thank you for investing with Cromwell Property Group. For further information about your investment, please contact your adviser or call Link Market Services Limited on 1300 550 841 within Australia, or +61 2 8280 7124 outside Australia, between 8.00am and 7.30pm, EST, Monday to Friday.

CROMWELL ANNUAL TAX STATEMENT

Cromwell Corporation Limited ("CCL") dividends

CCL did not pay any dividends during the year ended 30 June 2013. As such, there is no CCL dividend amount to be included in your 2013 income tax return.

Cromwell Diversifed Property Trust ("CDPT") distributions

Your Annual Tax Statement includes distributions paid to you by CDPT for the period 1 July 2012 to 30 June 2013. CDPT distributions paid per stapled security include:

- 1.8125 cents on 14 November 2012;
- 1.8125 cents on 13 February 2013;
- 1.8125 cents on 15 May 2013; and
- 1.8125 cents to be paid on or about 15 August 2013

Security holders were entitled to these distributions if they held stapled securities at 5.00pm on the respective record dates of 5 October 2012, 31 December 2012, 28 March 2013 and 28 June 2013.

Please note that certain wholesale investors were issued securities under a placement announced on 7 December 2012 and were only entitled to a pro-rata share of the December 2012 quarter distribution entitlement.If this applies to you, you should refer to the relevant ASX distribution announcement for the applicable distribution rates at: www.cromwell.com.au/shareholders/asxannouncements/

Australian resident taxpayers include in their assessable income their proportionate share of CDPT's taxable income (including any net capital gains). The taxable components of CDPT's distributions are included in a resident taxpayer's assessable income for tax purposes on a present entitlement basis and not on a receipts basis. This means:

- the distribution of 1.8125 cents per stapled security to be paid in August 2013 in relation to the June 2013 quarter is included in your 2013 tax statement; and
- the distribution of 1.75 cents per stapled security paid in August 2012 in relation to the June 2012 quarter is not included in your 2013 tax statement.

For tax purposes the distribution from CDPT comprises separate components including taxable income, capital gains and tax deferred amounts. Your share of these components is outlined on your Annual Tax Statement.

Taxable income

For tax purposes, as a unit holder of CDPT, you are subject to tax on your proportionate share of the taxable net income of CDPT which can include interest, dividends, foreign income, other assessable income, and net capital gains. You must report all of the assessable amounts in your income tax return.

Capital gains

There are no capital gains included in CDPT's distributions in respect of the 2013 financial year.

CFC income

There is no CFC income included in the distributions in respect of the 2013 financial year.

Tax deferred amounts

Your Annual Tax Statement includes the tax deferred amount from your CDPT distributions. The tax deferred amount has generally arisen because CDPT and its underlying entities have been able to claim tax deductions for items such as depreciation, other capital allowances and the costs of raising equity.

The tax deferred amount is not immediately assessable, but will reduce the CGT cost base of your CDPT units. This reduction in cost base will be relevant in calculating any capital gain or capital loss on disposal of your CDPT units.

- In addition you make a capital gain (even if you do not sell your units) if the sum of the tax deferred amounts received for each unit exceeds the tax cost base of that unit at the time of the tax deferred distribution.

Tax free amounts

Your Annual Tax Statement includes the tax free amount from your CDPT distributions. The tax free amount is not included in your assessable income. The tax free amount also does not reduce the CGT cost base of your CDPT units.

PARTICIPATION IN 2013 CROMWELL PROPERTY FUND MERGER

You should take particular care if you acquired CMW stapled securities as a result of the Cromwell Property Fund ("CPF") merger with the CDPT ("the CPF Merger") during the 2013 financial year.

On 4 October 2012 all CPF unit holders received 0.2298 CMW stapled securities for every CPF unit. Full details of the CPF Merger can be found in the Explanatory Memorandum found on Cromwell's website at www.cromwell.com.au/cpfmerger/.

Tax Treatment of Merger

A summary of the Australian taxation implications for CPF unit holders of the CPF Merger was provided in the Tax Report at Annexure 2 (page 78) of the Explanatory Memorandum & Notice of Meeting.

To further help CPF unit holders meet their tax obligations Cromwell has obtained Australian Tax Office ("ATO") Class Ruling CR 2013/20 in respect of certain matters. This ruling can be downloaded from the ATO's website at law.ato.gov.au/atolaw/view.htm?docid=CLR/CR201320/NAT/ATO/00001.

We recommend CPF unit holders consult the Tax Report, the ATO Class Ruling and obtain their own professional taxation advice when completing their income tax return. We outline below some key points included in the documents.

Disposal of CPF Units

The CPF Merger resulted in the disposal by CPF unit holders of their CPF units and gave rise to capital gains tax ("CGT") event A1 for CPF unit holders on 4 October 2012.

CPF unit holders should refer to the ATO's document titled "Personal Investors Guide to Capital Gains Tax 2013" to determine their capital gain or capital loss. CPF unit holders should especially note the following when determining their capital gain or capital loss:

- CPF unit holders will broadly make a capital gain in respect of a CPF unit if capital proceeds exceed the cost base of the unit, or will make a capital loss if capital proceeds are less than the reduced cost base of the unit.

- The capital proceeds received from the disposal of each CPF unit was the market value of the CMW securities received on 4 October 2012. The Commissioner of Taxation accepts in Class Ruling CR 2013/20 that the capital proceeds were $0.176985 for each CPF unit.
- The cost base (or reduced cost base) of each CPF unit will broadly be the original amount paid to acquire the CPF unit plus any incidental costs less the amount of 'tax deferred' distributions received in respect of that unit. The cost base cannot be less than zero.
- CPF unit holders will have received Annual Tax Statements for each relevant income tax year detailing the tax components of the distributions received. All distributions paid since the inception of CPF were 100% tax deferred and therefore decrease the cost base of their CPF units (but not below zero).

Unit holders may obtain copies of their CPF Annual Tax Statements by contacting CPF's registry provider Boardroom Pty Limited on 1300 139 440.

CPF unit holders should refer to the above mentioned ATO Guide for the rules on how to offset any resulting capital loss against their other capital gains or whether the CGT discount applies to any capital gain.

Cost Base of CMW Securities

For CGT purposes, the cost base of a CPF unit holder's CMW securities needs to be apportioned on a reasonable basis between the share in CCL and the unit in CDPT.

The cost base of each share in CCL and unit in CDPT is equal to an apportionment of the market value of the CPF units that were given in exchange. The Commissioner accepts in Class Ruling CR 2013/20 that at the Implementation Date of the CPF Merger:

- The cost base of each share in CCL on acquisition is $0.02092
- The cost base of each CDPT unit on acquisition is $0.74925

In the case of CDPT units, this cost base will have been reduced by tax deferred distributions received from CDPT since the CPF Merger.

PARTICIPATION IN 2006 STAPLING TRANSACTION

You should take particular care if you were a CCL shareholder who participated in the Stapling Transaction in December 2006. Your cost base for the CDPT units acquired as part of the Stapling Transaction will be nil, having been reduced and exceeded by the amount of tax deferred distributions received since Stapling. Accordingly, the tax deferred distributions received this year will give rise to an immediate capital gain under CGT event E4.

You may be able to reduce your capital gain by the CGT 50% discount on this gain if you have held your CDPT units for more than one year.

Any capital gain arising from tax deferred amounts in excess of your CDPT unit cost base has not been included in your Annual Tax Statement, and if applicable you will need to calculate this amount and separately include it in your income tax return. We recommend you refer to the ATO's publications "Guide to Capital Gains Tax 2012-13" or "Personal Investors Guide to Capital Gains Tax 2012-13" or contact your professional tax adviser to determine these amounts.

TFN AMOUNT WITHHELD

Where you have not provided your Tax File Number (TFN), Australian Business Number (ABN) or claimed a relevant exemption, amounts have been withheld from the taxable components of income distributed to you by CDPT at 46.5%. The tax withheld should be claimed as a credit in your income tax return.

DISPOSAL OF YOUR STAPLED SECURITIES

If you have disposed of CMW securities during the 2013 financial year, the following summary should assist you to determine whether you need to include a capital gain or loss in your income tax return. However, you should obtain a copy of the ATO's publications "Stapled Securities and Capital Gains Tax", "Guide to Capital Gains Tax 2012-13" or "Personal Investors Guide to Capital Gains Tax 2012-13" available at: www.ato.gov.au. You should also obtain your own tax advice from your professional tax advisor.

Your investment in Cromwell Property Group Stapled Securities

For tax purposes, the sale of a CMW security is treated as a disposal of both a share in CCL and a unit in CDPT, and a separate CGT calculation will be needed for each security.

Upon disposal of a stapled security, a security holder will make a capital gain if:

- the portion of the consideration reasonably attributable to a share in CCL exceeds the cost base of the share; and/or
- the portion of the consideration reasonably attributable to a unit in CDPT exceeds the cost base of the unit.

A security holder will make a capital loss if:

- the portion of the consideration reasonably attributable to a share in CCL is less than the reduced cost base of the share; and/or
- the portion of the consideration reasonably attributable to a unit in CDPT is less than the reduced cost base of the unit

Capital proceeds and cost base of Shares and Units

For CGT purposes, the cost base on acquisition and proceeds received on disposal of each CMW security will need to be apportioned on a reasonable basis between the share in CCL and the unit in CDPT.

Generally, the cost base of your shares and units is the amount you paid for them, including the incidental costs of acquisition and disposal. The amount paid will also need to be apportioned between the shares in CCL and the units in CDPT.

As noted above, if you acquired your CMW securities in the CPF Merger you should refer to ATO Class Ruling CR 2013/20 for guidance in relation to your cost base. In this ruling, the Commissioner of Taxation accepts that the initial cost base of your CCL shares was $0.02092 and your CDPT units was $0.74925.

If you were a CDPT or Syndicate unit holder prior to the 2006 Stapling Transaction, your cost base per CCL share will generally be the amount of the stapling distribution, being 0.025 cents per share, plus any incidental costs of acquisition and disposal.

If you were a CCL shareholder prior to the Stapling Transaction in December 2006, your cost base per CDPT unit will generally be the amount of the stapling distribution, being 0.1 cents per unit, plus any incidental costs of disposal.

In the case of your CDPT units, as noted above, the cost base is also reduced by the tax deferred distributions you have received. These amounts are outlined in your Annual Tax Statement.

In the case of CMW security holders that did not obtain their CMW securities at the time of the CPF Merger or 2006 Stapling Transaction, one possible method of apportionment is on the basis of the relative net tangible assets of CCL and CDPT. Details of the net tangible assets of CCL and CDPT since the stapled group was formed in December 2006 are set out below.

We recommend that you refer to the ATO publications noted above or contact your professional tax adviser to determine the correct treatment and order of calculating your net capital gain.

	Net Tangible Assets per stapled security	CCL Apportionment	CDPT Apportionment
30 June 2013	$0.70	4.98%	95.02%
31 December 2012	$0.67	3.53%	96.47%
30 June 2012	$0.67	2.45%	97.55%
31 December 2011	$0.68	2.21%	97.79%
30 June 2011	$0.73	1.31%	98.69%
31 December 2010	$0.70	1.46%	98.54%
30 June 2010	$0.71	1.31%	98.69%
31 December 2009	$0.73	1.38%	98.62%
30 June 2009	$0.76	1.18%	98.82%
31 December 2008	$0.86	3.82%	96.18%
30 June 2008	$1.01	2.33%	97.67%
31 December 2007	$1.02	3.74%	96.26%
30 June 2007	$0.96	1.54%	98.46%
31 December 2006	$0.78	1.64%	98.36%

HOW TO COMPLETE YOUR TAX RETURN USING THE ANNUAL TAX STATEMENT

If you are lodging an individual income tax return you will need to complete questions 11, 13, 18 and 20 of your tax return.

2013 TAX RETURN FOR INDIVIDUALS

Question 11: Dividends

As CCL did not pay a dividend during the 2013 financial year there is no CCL dividend amount to be included at question 11 of your 2013 income tax return.

FOR INDIVIDUALS (Supplement)

Question 13: Partnerships and Trusts – Non-primary production income

Using your Annual Tax Statement and the "Individual Tax Return Instructions Supplement 2013" you should include the Australian interest income amount, any franked distribution amount (including any franking credit amount) and the other Australian taxable income amount.

TFN withholding tax has been deducted from distributions at the rate of 46.5% where Cromwell did not receive your TFN, ABN or exemption. The tax withheld should be included in this question and offset against the tax payable on your taxable income or refunded.

Question 18: Capital gains

There are no capital gains included in CDPT's distributions in respect of the 2013 financial year.

However, as discussed above, you should include at this question any capital gains (or losses) resulting from the tax deferred amounts depleting the cost base of your CDPT units to nil or otherwise arising such as on the disposal of your stapled securities.

ATO LINKS

Relevant ATO Publications and information:

- You and Your Shares 2012-2013
- Stapled securities and Capital Gains Tax
- Personal Investors Guide to Capital Gains Tax 2012-2013
- Guide to Capital Gains Tax 2012-2013
- Tax Return for Individuals 2013 including the Individual Tax Return Supplement 2013

To obtain copies of these publications from the ATO please phone the ATO publications distribution service on 1300 720 092, 13 36 77 (for the hearing impaired) or visit the ATO website at www.ato.gov.au and select Find a Form or Publication from the left hand menu

DUPLICATE TAX STATEMENTS

A duplicate copy of your 2013 Annual Tax Statement can be downloaded, free of charge by clicking on the link to Link Market Services at: www.cromwell.com.au/registry. Alternatively, for a replacement statement contact Link Market Services Limited on 1300 550 841 (within Australia) or +61 2 8280 7124 (outside Australia) between 8.00am and 7.30pm, EST, Monday to Friday. A replacement statement charge may be payable to Link.

Cromwell

www.cromwell.com.au/shareholders